



Internal Audit Report

Sheriff's Office--Limited Review
Compliance with Budget Agreement

January 2001



Internal Audit Department

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January 17, 2000

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Under the direction of the Internal Audit Department, the accounting firms of Deloitte & Touche LLP and KPMG have conducted a limited-scope review within the Maricopa County Sheriff's Office (MCSO). This review was requested by County management and approved by the Board of Supervisors. The work performed was limited to the following MCSO issues:

- Compliance matters related to budget agreements
- Automobiles, specifically leases and overnight usage
- Helicopter funding and expenditures.

In summary, MCSO was not able to demonstrate:

- Compliance with its April 27, 2000 Budget Agreement with the Office of Management and Budget
- Compliance with County policy requirements addressing overnight vehicle usage
- That the office's Aviation Fund revenues were adequate to cover expenditures, as required by the budget agreement.

If you would like to discuss this memo, or have any questions, please contact Eve Murillo at 506-7245.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

Special Request Limited Review—Sheriff's Office

Background

The Office of Management and Budget (OMB) and MCSO signed a FY2000-01 Budget Agreement dated April 27, 2000. OMB agreed to support MCSO's increased funding of \$673,000 for gasoline and \$500,000 for the office's Aviation fund, subject to the following conditions:

- MCSO would consent to a full review of all individual MCSO vehicles, their assignment, and usage. The office would provide all requested information for this review by May 31, 2000, which was scheduled to be completed by July 31, 2000.
- MCSO would submit information necessary to validate its Aviation Fund revenues and expenditures.
- MCSO would demonstrate how all expenses associated with the Aviation Fund are accounted for by May 15, 2000.
- OMB would remove \$500,000 from the Aviation Fund, prior to final adoption of the FY2000-01 Maricopa County budget, if MCSO has not submitted the necessary documentation.

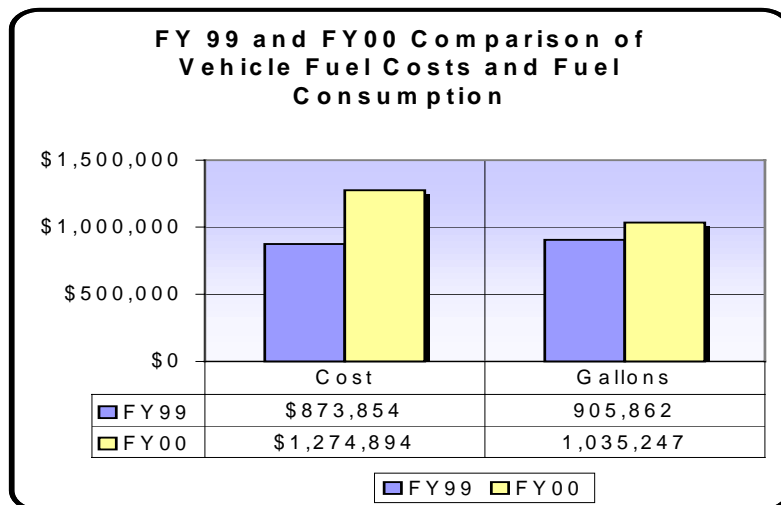
MCSO did not provide OMB with the information needed to satisfy the terms of the April 27 budget agreement. As a result, County management requested an Internal Audit review in August 2000, which the Board of Supervisors approved on September 5, 2000.

Observations

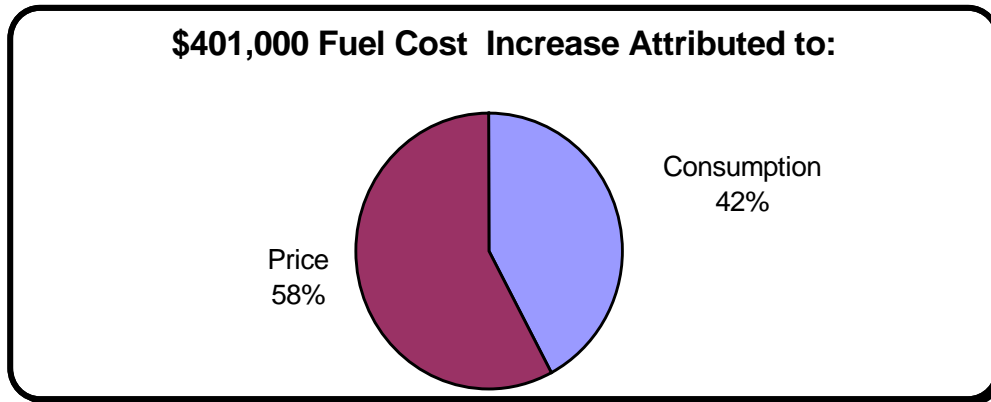
MCSO was not able to provide the reviewers with documentation showing compliance with the April 27, 2000 Budget Agreement. However, the reviewers were able to compile the following information relevant to the related budget issues.

#1) Increase in Fuel Costs

MCSO's fuel costs increased by \$401,000 (46 %) from FY99 to FY00; only 58% were related to price increases. MCSO could not provide sufficient evidence to determine to what extent fuel consumption increases were caused by expanded service efforts.



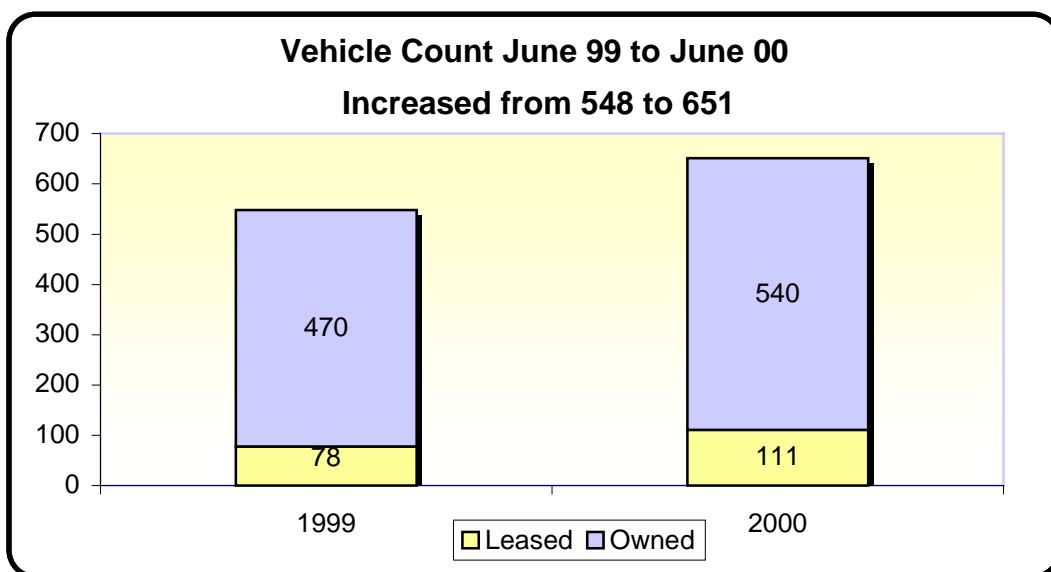
Fuel costs grew \$232,000 (58% of the increase) as a result of rising fuel prices and increased purchases from non-county fueling stations. The remaining increase (\$169,000) was due to MCSO purchasing 129,000 additional gallons of fuel in FY00.



Because detailed MCSO information regarding fuel consumption increases was not available, Deloitte & Touche could not determine to what extent fuel consumption increases were caused by expanded service efforts.

#2) Increase in Vehicle Fleet Size

MCSO increased its vehicle fleet by 103 vehicles (19%) between June 1999 and June 2000. MCSO could not provide sufficient evidence to determine a) that the increases were due to expanded service efforts or b) compliance with County policy requirements addressing employees' overnight vehicle usage.



#3) Overnight Vehicle Usage

The reviewers attempted to survey a selected sample of MCSO employees in order to identify reasons for overnight vehicle usage. Because of MCSO security restrictions, the reviewers could not adequately determine the reasons for MCSO employees' overnight vehicle usage and compliance with County policy requirements.

KPMG attempted to contact 43 MCSO employees in order to identify the extent and reasons for overnight vehicle usage. Because MCSO would not release individual employees' phone numbers, a central dispatch number was used and only 8 employees (substantially all in one classification band) could be reached. As a result, KPMG was unable adequately determine the reasons for MCSO employees' overnight vehicles usage and compliance with County policy requirements.

Because MCSO information regarding vehicle fleet assignment was not available, Deloitte & Touche could not determine the extent of, or reasons for, overnight vehicle usage. In summary, MCSO could not provide sufficient information to draw conclusions over its compliance with County policy requirements.

#4) Helicopter Funding and Expenditures

MCSO did not demonstrate that Aviation Fund revenues are sufficient to cover all the expenditures, as required by the budget agreement.

MCSO could not provide Deloitte & Touche with a complete accounting of its Aviation Fund revenues and expenditures. The expenditure appropriation for helicopter operations was contingent upon obtaining offsetting revenues from outside sources. The fund's revenues do not appear to be sufficient to cover all the expenditures, as required by the budget agreement.